

**IN THE MISSOURI DEPARTMENT OF INSURANCE,  
FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION**

**In Re: FREEDOM LIFE INSURANCE    )  
      COMPANY OF AMERICA        )  
      SERFF TRACKING NUMBER    )     Case No. 141201753C  
      USHG-129806090            )**

**ORDER DISAPPROVING FORM FILING**

Upon review and consideration of the filing of Freedom Life Insurance Company of America, SERFF Tracking Number USHG-129806090, specifically Form STMM-2014-IP1-MO-FLIC, the Deputy Director DISAPPROVES said form for the reasons stated below.

**FINDINGS OF FACT**

1. John M. Huff is the Director of the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri ("Director" of the "Department").
2. Freedom Life Insurance Company of America ("Freedom Life"), NAIC Number 62324, is a foreign life and health insurance company organized pursuant to the laws of the state of Texas and transacting insurance business in the state of Missouri pursuant to a Certificate of Authority issued by the Director.
3. Pursuant to §376.777,<sup>1</sup> insurance companies licensed to transact business in this state may not deliver or issue for delivery in this state a policy of accident or health insurance unless the form has been approved.
4. The Division of Market Regulation (the "Division") is designated pursuant to section 374.075 to review the forms that are filed by insurance companies.
5. Freedom Life filed a policy form with the Director via the System for Electronic Rate and Form Filing ("SERFF") on November 14, 2014. The SERFF Tracking Number is USHG-129806090 ("Filing").
6. The Filing contains form STMM-2014-IP1-MO-FLIC, identified as a Short Term Medical-Surgical Expense Plan ("Policy").
7. Freedom Life filed the Policy within SERFF as Individual Health-Major Medical insurance.

---

<sup>1</sup>All statutory citations are to RSMo (Supp. 2014).

8. Brackets ( [ ... ] ) within a form reviewed by the Division indicate that the language within the brackets may be included or excluded from the form, or the brackets may indicate a numeric range.
9. All combinations of benefits, coverages, or terms in brackets could be included in an issued form.
10. Conversely, all benefits, coverages, or terms in brackets could be excluded from an issued form.
11. On page 13 of the Policy under the section titled Definitions, Freedom Life defines Sickness as:

[I]llness or disease afflicting an **Insured**, including **Complications of Pregnancy** and **Medically Necessary** care and treatment of medically diagnosed congenital defects and birth abnormalities of a newborn child, which first **Manifests** itself [on or after] [[three (3) -thirty (30)] days after] the **Issue Date** shown on the **Policy Schedule** and while this **Policy** is in force and effect for such **Insured**.

(Emphasis in original.)

12. On page 10 of the Policy under the section titled Definitions, Freedom Life defines Medical Foods in a bracketed section as:

[M]odified low protein foods and metabolic formulas. Metabolic formulas are foods that are all of the following: (i) formulated to be consumed or administered enterally under the supervision of a **Provider**; (ii) processed or formulated to be deficient in one or more of the nutrients present in typical foodstuffs; (iii) administered for the medical and nutritional management of a person who has limited capacity to metabolize foodstuffs or certain nutrients contained in the foodstuffs or who has other specific nutrient requirements as established by medical evaluation; and (iv) essential to a person's optimal growth, health and metabolic homeostasis. Modified low protein foods are foods that are all of the following: (i) formulated to be consumed or administered enterally under the supervision of a **Provider**; (ii) processed or formulated to contain less than one gram of protein per unit of serving, but does not include a natural food that is naturally low in protein; (iii) administered for the medical and nutritional management of a person who has limited capacity to metabolize foodstuffs or certain nutrients contained in the foodstuffs or who has other specific nutrient requirements as established by medical

evaluation; and (iv) essential to a person's optimal growth, health and metabolic homeostasis.

(Emphasis in original.)

13. On pages 23 and 24 of the Policy under the section titled Benefits and Claim Procedures and the bracketed subsection titled Inherited Metabolic Disorders, the form states:

**Medical Foods**, metabolic supplements and gastric disorder formulas prescribed or ordered during the **Policy Duration** under the supervision of a **Provider**, as **Medically Necessary** for the treatment of an **Inherited Metabolic Disorder**, or for the treatment of a **Sickness** in which an **Insured** is unable to sustain weight and strength commensurate with the **Insured's** overall health status.

**Inherited Metabolic Disorders** required for **Medical Food** coverage are:

- 1) part of the newborn screening program as prescribed by **Your Provider**, and involve amino acid, carbohydrate or fat metabolism;
- 2) have medically standard methods of diagnosis, treatment and monitoring, including quantification of metabolites in blood, urine or spinal fluid or enzyme or DNA confirmation in tissues; and
- 3) require specifically processed or treated **Medical Foods** that are generally available only under the supervision and direction of a **Provider**, that must be consumed throughout life and without which the **Insured** may suffer serious mental or physical impairment.

Coverage for **Medical Foods**, metabolic supplements, and gastric disorder formulas, except for amino acid-based formulas, prescribed or ordered under the supervision of a **Provider** are covered at least fifty percent (50%) up to five thousand dollars (\$5,000) per **Insured** during the **Policy Duration** and are not subject to the **Benefit Deductible** or the **Insured Coinsurance Percentage**, but are subject to any applicable **Separate Deductible For Non-Participating Providers** and the **Non-Participating Provider Insured Coinsurance Percentage**.

Coverage for amino acid-based formulas for eosinophilic gastrointestinal disorder prescribed or ordered under the supervision of a **Provider** are covered at least seventy five percent

(75%) up to twenty thousand dollars (\$20,000) per **Insured** during the **Policy Duration** and are not subject to the **Benefit Deductible** or the **Insured Coinsurance Percentage**, but are subject to any applicable **Separate Deductible For Non-Participating Providers** and the **Non-Participating Provider Insured Coinsurance Percentage**.

For non-inherited disorders, enteral nutrition is considered **Medically Necessary** when the **Insured** has:

- 1) a permanent non-function or **Sickness** of the gastrointestinal structures that normally permit food to reach the small bowel; or
- 2) a **Sickness** of the small bowel which impairs digestion and absorption of an oral diet consisting of solid or semi-solid foods.

The following are not considered **Medically Necessary** and are not covered as a **Medical Food**, metabolic supplement or gastric disorder formula:

- 1) standard oral infant formula;
- 2) food thickeners, baby food, or other regular grocery products;
- 3) nutrition for a diagnosis of anorexia; or
- 4) nutrition for nausea associated with mood disorder and end-stage disease.

(Emphasis in original.)

### **CONCLUSIONS OF LAW**

14. The Director shall approve only those policy forms that are in compliance with Missouri insurance laws, and “which contain such words, phraseology, conditions, and provisions which are specific, certain and unambiguous and reasonably adequate to meet needed requirements for the protection of those insured,” pursuant to §376.777.
15. The Director may disapprove a form filed with the Department, and in doing so must state the reasons for the disapproval in writing, pursuant to §376.777.

### **Freedom Life’s Policy Does Not Comply with §376.406 - Coverage for Newborn Children**

16. Section 376.406.2 states:

The coverage for newly born children shall consist of coverage of injury or sickness including the necessary care and treatment of medically diagnosed congenital defects and birth abnormalities.

17. Freedom Life's Policy is not compliant with Missouri insurance laws. Under the section titled Definitions, the Policy's definition of "Sickness" is noncompliant with §376.406.2, which provides that "coverage for newly born children shall consist of coverage of injury or sickness including the necessary care and treatment of medically diagnosed congenital defects and birth abnormalities." Freedom Life's Policy defines Sickness to include "congenital defects and birth abnormalities of a newborn child," which first manifests itself on or some amount of time after the issue date. Section 376.406.2 does not permit a requirement that congenital defects and birth abnormalities manifest at some specific time with respect to newborns; rather, it mandates such coverage for newborn children and does not provide for time-barred exceptions. For this reason, the Policy violates §376.406 and, therefore, does not comply with the laws of this state as required by §376.777.

**Freedom Life's Policy Does Not Comply with §376.1219 -  
Coverage for PKU Formula and Low Protein Modified Food Products**

18. Section 376.1219 states in relevant part:

*1. Each policy issued by an entity offering individual and group health insurance which provides coverage on an expense-incurred basis, individual and group health service or indemnity type contracts issued by a nonprofit corporation, individual and group service contracts issued by a health maintenance organization, all self-insured group health arrangements to the extent not preempted by federal law, and all health care plans provided by managed health care delivery entities of any type or description, that are delivered, issued for delivery, continued or renewed in this state on or after September 1, 1997, shall provide coverage for formula and low protein modified food products recommended by a physician for the treatment of a patient with phenylketonuria or any inherited disease of amino and organic acids who is covered under the policy, contract, or plan and who is less than six years of age.*

(Emphasis added).

19. Freedom Life's Policy is not compliant with Missouri insurance laws. Under the bracketed subsection titled Inherited Metabolic Disorders, the Policy addresses §376.1219; however, the benefits are bracketed, indicating that the language within the brackets may be included or excluded from the issued policy form. The benefits under §376.1219 are mandated and, thus, may not be bracketed. For this reason, the Policy violates §376.1219 and, therefore, does not comply with the laws of this state as required by §376.777.

20. After review and consideration of the policy form included in Freedom Life's Filing, the company has failed to demonstrate its compliance with Missouri law as enumerated herein.
21. While there may be additional reasons as to why this policy form does not comply with Missouri's insurance laws, the reasons stated herein are sufficient to disapprove the form.
22. Each reason stated herein for disapproval of policy form is a separate and sufficient cause to disapprove such form.
23. Freedom Life's Policy does not comply with Missouri law. As such, said form is not in the public interest.
24. This Order is in the public interest.

**IT IS THEREFORE ORDERED** that Form STMM-2014-IP1-MO-FLIC is hereby **DISAPPROVED**. Freedom Life Insurance Company of America is hereby prohibited from delivering or issuing for delivery any Policy of individual health insurance utilizing said form.

**SO ORDERED, SIGNED AND OFFICIAL SEAL AFFIXED THIS** 23<sup>rd</sup> **day**  
of December, 2014.



  
**JAMES R. MCADAMS**  
**DEPUTY DIRECTOR**

**NOTICE**

**TO: Freedom Life Insurance Company of America and any unnamed persons aggrieved by this Order:**

You may request a hearing on the disapproval of this form. You may do so by filing a pleading with the Director of the Department of Insurance, Financial Institutions and Professional Registration, P.O. Box 690, Jefferson City, MO 65102, within 30 days after the mailing of this notice pursuant to 20 CSR 800-1.030.

**CERTIFICATE OF SERVICE**

I hereby certify that on this 23<sup>rd</sup> day of December, 2014, a copy of the foregoing Order and Notice was

Served via certified mail addressed to:

Benjamin Cutler  
President  
Freedom Life Insurance Company of America  
3100 Burnett Plaza  
801 Cherry Street, Unit 33  
Fort Worth, TX 76102

Martha Guevara  
Product Analyst  
Freedom Life Insurance Company of America  
3100 Burnett Plaza  
801 Cherry Street, Unit 33  
Fort Worth, TX 76102

Amy Zele